

TRANSMITTAL SLIP		
DD / EBS 1 APR 1985		
ROOM NO.	BUILDING	
REMARKS:		
DD / EBS 02 APR 1985 C/RD cc: Cynthia File Administrative Supplemental Plan Suspense 9 April		
FROM: O-S/PERS		
ROOM NO.	BUILDING	EXTENSION

D/Pgrs

85-1008

OLL 85-1015

29 March 1985

MEMORANDUM FOR: See Distribution

FROM: Chief, Legislation Division
Office of Legislative Liaison

SUBJECT: OPM Supplemental Retirement Plan

1. The Agency has been requested to comment on the attached draft "Federal Employee's Retirement System Act of 1985", which represents OPM's proposed new retirement system for those Federal employees (hired after December 31, 1983) who are covered by Social Security. I would appreciate receiving your comments on the attached proposal no later than COB Friday, 12 April 1985.

2. As you know, the Social Security amendments of 1983 provided that new Federal employees hired on or after January 1, 1984 would be covered under Social Security. These amendments presently apply with respect to all newly hired Agency employees. During the past two-year period, we have been operating under a special transitional retirement system for these newly hired employees with the understanding that an entirely new retirement system, intended to supplement Social Security, would be established for these new employees by the end of 1985. The attached Federal Employee's Retirement System Act that is proposed by OPM sets forth this new retirement system.

3. The attached proposal would establish a defined contribution plan wherein employing agencies would contribute 11.6% of each employee's wages to a retirement fund to be held in an account in the Treasury for that employee. This 11.6% contribution would be funded through specific appropriation by the employing agency and would not be taken out of the employee's salary. The employee would, of course, still pay a percentage of his salary for Social Security coverage. In addition, the employee could voluntarily contribute up to \$5,000 per year into a Federal employee IRA. Benefits under both the defined contribution plan and this voluntary IRA would be available at age 59-1/2. Early retirement under the proposal would continue to be permitted for law enforcement officers, fire fighters, and air traffic controllers.

4. As you are aware, the Director, in correspondence with OMB, has requested that the Agency's employees be exempted from certain of the Administration's proposed retirement changes, including specifically those changes affecting early retirement for specific groups of Federal employees. While OMB has orally consented to exempt CIARDS participants from certain of these proposed changes, no decision has yet been made by OMB to expand this exemption to include CIA Civil Service participants. In providing your comments on the attached bill, you should assume that Agency employees hired on or after December 1, 1984 will be subject to the proposal's provisions.

5. I will be happy to provide additional information or answer whatever questions you may have with respect to the attached proposal

Attachment:
As Stated

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- 1 - SWH Signer

OLL:LEG: dpt (28 Mar 85)